

AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN  
REGARDING THE REDUCTION OF  
CERTAIN DEBTS OWED TO, GUARANTEED OR INSURED BY  
THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of the Islamic Republic of Pakistan ("Pakistan") agree as follows:

## Article I

### Purpose and Application of the Agreement.

1. Subject to the terms of this Agreement and in accordance with the applicable laws of the United States and Pakistan, the United States and Pakistan agree to the reduction of certain Pakistani debts that are owed to the United States under the United States Agency for International Development (USAID) Direct Loan Program.
2. USAID will notify Pakistan of the amounts to be reduced hereunder.

## Article II

### Definitions

1. "Contracts" means USAID direct loans between the United States and Pakistan.

A table listing the relevant Contracts to be included under the reduction is attached hereto as Annex A.

2. "Relevant ODA Principal" means one hundred (100) percent of the principal outstanding as of June 1, 2004 under the Contracts specified in paragraph 1 of this Article. A table summarizing the amount of Relevant ODA Principal is attached hereto as Annex B.

## Article III

### Terms and conditions

1. 39.143 percent of the Relevant ODA Principal is hereby cancelled. This cancellation amounts to a \$495,380,229 reduction of Relevant ODA Principal.
  2. Pakistan agrees to repay the remaining 60.857 percent of Relevant ODA Principal in accordance with the terms and conditions set forth in the Contracts. Following signature of this agreement, USAID will send Pakistan a complete debt list and payment schedule of the aforementioned remaining debt.
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3. Consistent with Article IV of this Agreement, the amounts of Relevant ODA Principal may be modified by mutual written consent of the United States and Pakistan.

#### Article IV

##### General Provisions

1. Nothing in this Agreement shall affect the rights or obligations of either the United States or Pakistan under other agreements, contracts, grants or loans that are not specifically identified in the definition of Contracts under this Agreement.
2. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.
3. This agreement may be amended or modified by mutual written consent of the United States and Pakistan.

#### Article V


##### Entry into Force

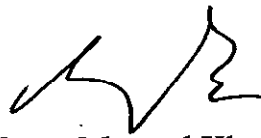
This Agreement shall enter into force following signature of the Agreement and receipt by Pakistan of written notice from the United States that all necessary US domestic legal requirements for entry into force of the Agreement have been fulfilled.

Done at Islamabad, Pakistan this            day of            2004.

UNITED STATES OF AMERICA

THE ISLAMIC REPUBLIC OF  
PAKISTAN:

By:   
Name: Nancy J. Powell  
Title: Ambassador, United States of  
America

By:   
Name: Dr. Waqar Masood Khan  
Title: Secretary, Economic Affairs  
Division.

Annex A  
Contracts Subject to Reduction

391-A-213R  
391-A-214R  
391-B-215R  
391-B-216R  
391-X-217R  
391-X-218R  
391-X-219R  
391-X-220R

Annex B

Summary of Relevant ODA Principal  
(in thousands of USD)

USAID Direct Loans	\$1,265,565
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